APPENDIX

APPENDIX A

SECTION 5(c)(1) OF ORIGINAL 1968 ACT*

"(c)(1) Upon an application submitted not later than September 30 in any calendar year, the Secretary is authorized to pay out of funds appropriated pursuant to Section 15 up to 50 per centum of the cost of the personnel, equipment, and activities of a State agency reasonably required to carry out a safety program under a certification under subsection (a) or an agreement under subsection (b) of this section during the following calendar year. No such payment may be made unless the State agency making application under this subsection gives assurances satisfactory to the Secretary that the State agency will provide the remaining cost of such a safety program and that the aggregate expenditures of funds of the State, exclusive of Federal grants, for gas safety programs will be maintained at a level which does not fall below the average level of such expenditures for the last two fiscal years preceding the date of enactment of this section."

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* Section 5(c)(1) of P.L. 90-481 (82 Stat. 722).

APPENDIX B

AUTHORIZATION OF APPROPRIATIONS AND COST OF THE LEGISLATION (EXCERPT FROM REPORT OF COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE)*

"AUTHORIZATION OF APPROPRIATIONS AND COST OF THE LEGISLATION"

"In the course of the hearings before the Senate committee the Department of Transportation placed the cost of this legislation at approximately $25 million a year. The Senate bill as it passed the Senate and came to this committee contemplated that about one-half of this amount would be raised through the imposition of annual fees upon those who were engaged in the transportation of gas and the remainder of the amount come from appropriated funds. The bill accordingly authorized appropriations for the next 3 fiscal years of $10 million, $13 million, and $15 million, respectively.

"The subcommittee in its interrogation of witnesses from the Department of Transportation had extreme difficulty in developing the basis for the $25 million figure. The matter was pursued with the Department following the hearings and under date of March 18, Secretary of Transportation Boyd submitted the following table:

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* Excerpted from H.R. Rep. No. 1390, *U.S. Code Cong. & Adm. News*, 90th Cong., 2d Sess. 3253-3255 (1970).

"DEPARTMENT OF TRANSPORTATION-ESTIMATED STAFFING AND FUNDING REQUIREMENTS FOR IMPLEMENTATION OF THE NATIONAL GAS PIPELINE SAFETY ACT OF 1967 (S. 1166), FISCAL YEARS 1969-73

	1969	1970	1971	1972	1973
irect operations:					
Man-years.....	20	65	112	143	161
Personal compensation and benefits...	$328,000	$898,000	$1,433,500	$1,798,000	$2,009,500
Other objects.....	172,000	922,000	1,506,500	1,525,000	1,510,500
Total	500,000	1,820,000	2,940,000	3,323,000	3,520,000
Grants-in-aid program to States.....		5,000,000	9,000,000	9,600,000	9,600,000
Grand Total....	500,000	6,820,000	11,940,000	12,923,000	13,120,000

"The funds which the committee, in Section 15 of the reported bill, has authorized to be appropriated; namely, $500,000, $2 million, and $3 million for the next 3 fiscal years roughly are those which the Secretary of Transportation contemplates are adequate for the creation of standards and the part of the program of direct cost to him.

"In effect, the authorization does not provide for any substantial portion of the grant-in-aid program for State administration of a Federal safety program as contemplated by the bill. It should be noted, however, that under the terms of the legislation here proposed interim standards will be in effect until such time, not over 2 years hence, as the Secretary of Transportation promulgates Federal standards. These "interim" standards are merely the prescription of the standards which the State already has in effect and, accordingly, there seems very little in the way of need for additional grants to carry out what the States already are doing. For that matter, a committee change to Section 5(c) of the bill, made at the request of the Secretary of Transportation, requires that the Federal funds cannot be a substitue for State funds which must be

maintained at a level which is not below the level of their expenditures for the last 2 previous fiscal years.

"Further, while Federal safety standards will be prescribed before the end of 24 months after the enactment of this legislation, such standards, of course, cannot become immediately effective, nor will the adoption and enforcement of such standards all at once give rise to tremendously increased expenditures by the States.

"The committee is aware of the fact that sometime during the third year there will appear a need for the consideration of the extent to which the grant-in-aid program will require the authorization of additional Federal funds and the committee accordingly intends to keep abreast of this situation so that in its consideration of the extension of the legislation appropriate attention to whatever is this need may be given.

"The bill as referred authorized a $20,000 grant to the National Association of Regulatory Commissions to aid the States in their enforcement programs by coordinating State activities and rendering technical assistance. In view of the reduction of funds and the obvious timelag discussed above before State programs will be in operation, the committee feels this provision is unnecessary at the present time, and the reported bill deletes it.

"The bill as referred included a revision in subsection (b) of Section 15 authorizing the Secretary to require the payment of a reasonable annual fee to him by all persons engaged in the transportation of gas for the purpose of helping to defray the expenses of Federal inspection and enforcement under this act. It is the sense of the committee that when any collection of fees is authorized, they should be covered into the Treasury and the expenses of

the Secretary should be met through the usual route of authorized and appropriated funds. Since this provision apparently was inserted originally to reduce the amount of appropriated funds and permit the expenses to be met otherwise, the committee has deleted the provision."

APPENDIX C

GRANTS-IN-AID FOR STATES (EXCERPT FROM CONFERENCE COMMITTEE REPORT ON 1972 AMENDMENTS)*

"GRANTS-IN-AID FOR STATES

"House bill

Section 2 of the House bill amended Section 5(c)-(1) of existing law to make it mandatory for the Secretary of Transportation to pay to the States, out of funds specifically appropriated for such purposes, grants-in-aid of up to 50 percent of the cost of State safety programs.

"Senate amendment

Section 2 of the Senate amendment amended Section 5(c)(1) of existing law to permit the Secretary of Transportation to pay to the States grants-in-aid of up to 50 percent of the cost incurred by a State agency to act as agent of the Secretary in enforcing Federal safety standards for pipeline facilities or the transportation of gas subject to the jurisdiction of the Federal Power Commission under the Natural Gas Act, in addition to grants-in-aid of up to 50 percent of the cost of State safety programs. This section of the Senate amendment did not make payment of grants-in-aid to the States by the Secretary mandatory. It continued in effect existing law, which merely authorizes such payments to be made.

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* Excerpt taken from H.R. Conf. Rep. No. 92-1322, *U.S. Code Cong. & Adm. News*, 92d Cong., 2d Sess. 3066 (1972).

"Conference substitute

The conference substitute makes it mandatory for the Secretary of Transportation to pay to the States grants-in-aid of up to 50 percent of the cost of State safety programs, and up to 50 percent of the costs incurred by the State acting as agent of the Secretary in enforcing Federal safety standards for interstate pipeline facilities. The conference substitute also provides that the Secretary may, after notice and consultation with a State agency, withhold all or any part of grants-in-aid for a State when he determines that such State is not satisfactorily carrying out a State safety program, or is not satisfactorily acting as agent of the Secretary in enforcing Federal safety standards for interstate pipeline facilities."

APPENDIX D

May 18, 1972

NARUC PROPOSED AMENDMENTS TO SUBCOMMITTEE WORKING DRAFT 1 (MAY 15, 1972) OF H.R. 5065, A BILL TO AMEND THE NATURAL GAS PIPELINE SAFETY ACT OF 1968

"A new section is hereby added at the end of H. R. 5065 to read as follows:

Section 8. Section 5 of the Natural Gas Pipeline Safety Act of 1968 is hereby amended by adding at the end thereof new subsections to read as follows:

'(e) Each State agency engaged in carrying out a safety program under a certification under subsection (a) or an agreement under subsection (b) of this section, or an agency relationship with the Secretary for enforcing Federal safety standards for pipeline facilities or the transportation of gas subject to the jurisdiction of the Federal Power Commission under the Natural Gas Act, is hereby authorized (if its funding from other sources is inadequate) to assess and collect fees, in just and equitable manner from every person engaged in the transportation of gas or the operation of pipeline facilities subject to such a safety program, such assessment and collection to be in an amount not in excess of the cost of administration of the agency's safety program. The Secretary may, on reasonable notice and after opportunity for hearing, cancel or modify any such assessment if he finds it to be unjust or inequitable.

'(f) A State may adopt and enforce an additional or more stringent safety standard applicable to pipeline facilities or the transportation of gas subject to the jurisdiction of the Federal Power Commission under the Natural Gas Act when necessary to eliminate or reduce a local safety hazard, and when not incompatible with any Federal law or standard, and when not creating an undue burden on interstate commerce.' "

APPENDIX E

REPORT TO CONGRESS ON STATE FUNDING NEEDS AND PRACTICES (SECTION 5 of P.L. 92-401, 86 STAT. 616)*

"Sec. 5. The Secretary of Transportation shall prepare and submit to the President for transmittal to the Congress on March 17, 1973, a report which shall contain –

(1) a description of the pipeline safety program being conducted in each State;

(2) annual projections of each State agency's needs for personnel, equipment, and activities reasonably required to carry out such State's program during each calendar year from 1973 through 1978 and estimates of the annual costs thereof;

(3) the source or sources of State funds to finance such programs;

(4) the amount of Federal assistance needed annually;

(5) an evaluation of alternative methods of allotting Federal funds among the States that desire Federal assistance, including recommendations, if needed for a statutory formula for apportioning Federal funds; and

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* Section 5 of P.L. 92-401 can be found at *U.S. Code Cong. & Adm. News.*, 92d Cong., 2d Sess. 708 (1972).

(6) a discussion of other problems affecting cooperation among the States that relate to effective participation of State agencies in the national pipeline safety program.

The report shall be prepared by the Secretary after consultation with the cooperating State agencies and the national organization of State commissions."